

california Dairy Review

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**Watch for Upcoming
Hearing Results on May 31,
June 28, and July 2, 2001
CDFA Hearings**

2001-2002 DAIRY COUNCIL ASSESSMENT RATES ESTABLISHED

The Dairy Council of California has recommended and the Department of Food and Agriculture has approved new assessment rates for the Council's 2001-2002 fiscal year (July 1, 2001, through June 30, 2002). The rates are presented below. The Dairy Council uses the funds generated from these assessments to carry out its mission of stimulating demand for milk by demonstrating the role of dairy products as essential elements in a healthy diet.

The Dairy Council Law mandates a two-tier assessment structure; an assessment for milk used in Class 1 milk products and a lower assessment for milk used in all other classes of milk products. Based upon legislative change this last year, the Dairy Council Law now specifies the Council's maximum allowable assessment rates for Class 1 milk shall not exceed two cents (\$.02) per hundredweight and the assessment for all other usages of milk shall not exceed \$0.008 per hundredweight. In addition, the relationship between the fees per hundredweight established for Class 1 milk versus milk for all other usages shall be at a ratio of 2.5 to 1. The assessments are applicable to both milk producers and milk handlers.

The new 2001-2002 Dairy Council assessment rate for Class 1 milk is \$0.0150 per hundredweight. This new 2001-2002 rate for Class 1 milk is lower than the 2000-2001 Class 1 milk rate of \$0.0154 per hundredweight.

The new 2001-2002 Dairy Council assessment rate for all other usages of milk is \$0.0060 per hundredweight. This new 2001-2002 rate for all other usages of milk is higher than the 2000-2001 all other usages rate of \$0.0041 per hundredweight. Please note that the increase in this category is due to the legislative change. As in the past, handlers will continue to be responsible for remitting both the handler and producer assessments to the Department. Handlers shall pay the handler

See **DAIRY COUNCIL** on Page 7

Price Information Lines: (800) 503-3490 within California; (916) 442-MILK outside California
Retail Price Information Line: (888) 930-MILK; retail website: www.cdfa.ca.gov/dairy/CMPS
Phone: (916) 654-1456; Homepage Address: www.cdfa.ca.gov/dairy; e-mail Address: dairy@cdfa.ca.gov

May Milk Production

Milk production in California for May 2001 totaled 2.88 billion pounds, up 3.2 percent from May 2000. USDA's estimate for U.S. milk production May 2001 in the 20 major dairy states is 12.6 billion pounds, down 1.1 percent from May 2000. Production per cow in the 20 major states averaged 1,629 pounds for May, which is 7 pounds below May 2000. ☀

June Quota Transfer Summary

For June 2001, 6 dairy producers transferred 3,938.70 pounds of solids-not-fat (SNF) quota. The quota sales averaged \$425 per pound of SNF (without cows), with an average ratio of 2.46. These transfers were effective July 1, 2001. This compares to 7 quota transfers averaging \$405 per pound of SNF (without cows), with an average ratio of 2.34 for June 2000. ☀

Minimum Class Prices

Statewide average hundredweight prices

Class	May 2001	June 2001	July 2001
1	\$15.97	\$16.72	\$17.07
2	\$13.62	\$15.23	\$15.23
3	\$13.57	\$15.18	\$15.18
4a	\$14.77	\$15.14	—
4b	\$14.16	\$14.82	—

Federal Order and California Minimum Class 1 Prices

Average Hundredweight Prices

Regions	June 2001	July 2001
Phoenix, Arizona	\$17.34	\$17.69
Southern California	\$16.94	\$17.29
Portland, Oregon	\$16.89	\$17.24
Northern California	\$16.66	\$17.01

California Alfalfa Hay

June Summary

Northern California: Premium and Supreme alfalfa trading steady to \$5.00 higher with good demand for higher testing hay. Fair and Good alfalfa steady to firm with good demand, however future supplies uncertain. Retail and Stable hay remains steady with requests for Orchard grass hay. The month of June experienced more hay moving in from out of state. Northern California continues to be dry with concern growing as to how long water in rivers and reservoirs will last. With power cost problems locally and water and power problems in neighboring states, buyers are seeing sharply higher price levels from producers in other states and hay movement to California has been slow compared to recent years. Demand for local production and movement is well above a normal year for local hay.

Southern California: Limited supply of Premium and Supreme alfalfa. Fair and Good alfalfa mostly steady with uncertainty as to where to price hay. Northern buyers may be more interested in this hay as time goes by and most producers resisting low price offers. Retail and Stable hay demand moderate with some hay lacking in quality and color. Exporters paying premium price for Sudan hay with fine stem and light color. Most high desert producers are barn-storing their hay. ☀

Shown below are alfalfa hay sales, deliveries and Supreme quality prices per ton, delivered to dairies, as reported by the USDA Market News Service, Moses Lake, WA.

Alfalfa Hay Sales and Delivery May & June, 2001

	May 2001	June 2001
Tons Sold ¹	251,344	318,972
Tons Delivered ²	127,502	135,182

¹ For current or future delivery.

² Contracted or current sales.

California Supreme Hay Prices

Statewide average hundredweight prices


Area	June 2001 Prices			
	6/8	6/15	6/22	6/29
Petaluma	\$170-175	\$160-170	\$155-175	\$160-175
North Valley ¹	\$161-165	\$160-180	\$175	\$160-175
South Valley ²	\$165-175	\$162-176	\$155-172	\$160-173
Chino Valley	\$137	—	—	\$134-135

¹ North Valley is Escalon, Modesto and Turlock areas.

² South Valley is Tulare, Visalia and Hanford areas.

For current pricing information and reports on the FOB market, you may subscribe to the California Alfalfa Hay Weekly Summary by calling (509) 765-3611. Weekly reports are available on the Internet at:

<http://www.ams.usda.gov/marketnews.htm>



California Department of Food & Agriculture

William (Bill) Lyons Jr., Secretary
Robert "Tad" Bell, Undersecretary
Daniel E. Webb, Deputy Secretary
Vanessa Arellano, Assistant Secretary

The California Department of Food and Agriculture, Dairy Marketing Branch publishes the California Dairy Review monthly. To subscribe, call (916) 654-1456. Please direct any comments or suggestions for future newsletters to Karen Dapper at (916) 654-1456 or send an e-mail to dairy@cdfa.ca.gov

HEALTH UPDATE:**Foot and Mouth Disease, a Continuing Global Problem**

By Annette Whiteford, DVM

California Department of Food and Agriculture

Foot and Mouth Disease (FMD), the highly contagious disease causing severe blisters and production loss primarily to sheep, goats, cattle and swine, continues to plague countries around the world. Countries currently facing active outbreaks include the United Kingdom, Argentina, Uruguay, Venezuela, Colombia, Mongolia, Kazakhstan and Brazil.

**Countries with Animal Disease
Threats to the United States**

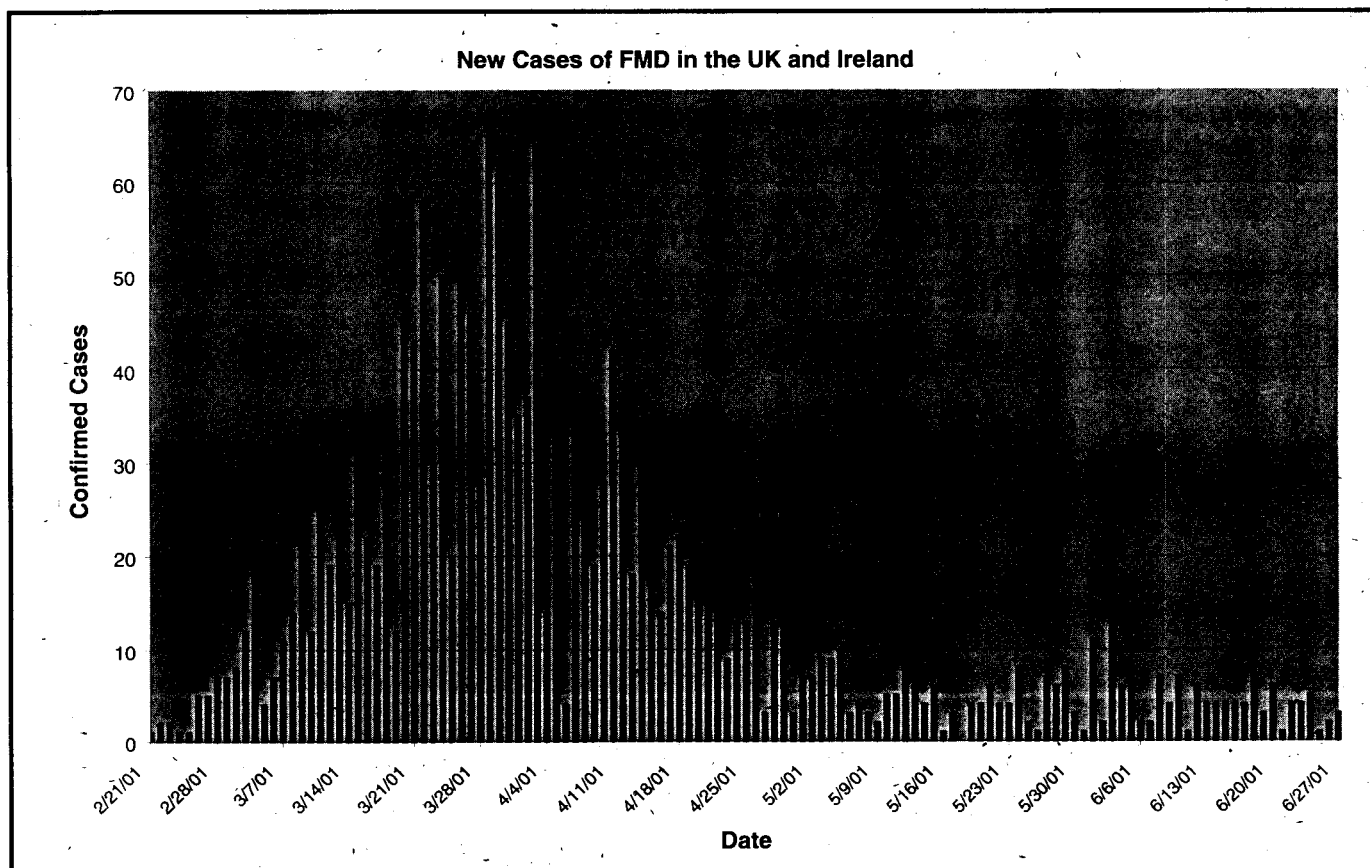
*Shaded areas contain cases of Foot and mouth disease, Rinderpest, Classical Swine Fever, Swine Vesicular Disease, BSE, Exotic New Disease.

While the United Kingdom (UK) continues to report more confirmed cases of FMD than any other affected country, fewer cases are being reported there each week. This apparent control comes as a relief to animal health officials as the UK has already suffered staggering losses. On June 26, 2001, the UK Department for Environment, Food and Rural Affairs reports that 8,415 farms have been affected and 3,441,000 animals have been identified for slaughter since the outbreak began last February.

The United States Department of Agriculture (USDA), California Department of Food and Agriculture (CDFA), and the University of California School of Veterinary Medicine, as well as numerous other concerned organizations, have mobilized resources to prevent the spread of Foot and Mouth Disease to the United States. The USDA is the organization leading the effort to exclude FMD at international borders, ports, and other points of entry, while CDFA leads the effort to exclude FMD from California. Both agencies are active in early detection through training, public education and inspection. California has recently committed an additional \$1.4 million dollars to bolster foreign animal disease prevention, and President Bush requested an additional \$35 million to guard against foreign animal disease at the national level. Besides intensifying prevention, the USDA has sent a total of 22 California Federal, State and private veterinarians to the UK (national total much higher), both to assist in disease eradication as well as to enhance the wealth of professional knowledge available for FMD outbreak planning and response efforts.

Even with active government concern, California's multi-billion dollar livestock industry is particularly vulnerable to foreign animal diseases due to its multiple international ports, more than 6 million

international visitors yearly, and susceptible livestock populations. While California dairies can be highly productive, they are especially vulnerable as many contain large numbers of animals in a concentrated area, purchase their replacement heifers from other ranches, may send their own heifers to calf ranches for up to two years where they are co-mingled with calves from other locations, and frequently depend on outside sources for feed.



Preemptive measures by dairy management will be crucial to safeguard California's animals. The risk of disease is always present. To assist dairy management, the University of California at Davis, Veterinary Medicine Extension collaborated with various organizations to produce guidelines for dairy biosecurity. Complete guidelines can be found on their website at http://www.vetmed.ucdavis.edu/vetext/INF-DA_Biosecurity.html.

University of California at Davis Veterinary Medicine Extension Biosecurity Tips for the Dairy

Introduction of Diseases

Viruses, bacteria, mycoplasma and pests do not respect fences. They can enter your livestock facility on:

- Animals - livestock, wild animals, pets and insects
- People - bodies, clothing, shoes and possessions
- Animal products - especially meat and dairy products as well as hides and skins
- Animal feed, water, bedding, and soil
- Equipment of all types
- Vehicles - tires, floor-boards, mud, road dirt
- Air - in aerosols and dust

Biosecurity Plan

- Work with your veterinarian, farm advisor and nutritionist to develop a plan that will work for your dairy.
- Do not allow meat or animal products from Foot and Mouth Disease (FMD)-infected countries to enter your facilities. Know the origin of all meat and animal products.
- Educate your employees about the importance of following the biosecurity plan and their important role in making the plan work.
- Be sure that your farm families are familiar with the real hazards that exist and respect your Biosecurity Plan including dealing with visitors, foods and products that may represent a threat.
- Provide farm personnel with ready access to toilet and handwashing facilities.

Visitors

- Limit the number of visitors to your dairy to guests, AI techs, veterinarians, foot trimmers, salesman, manure haulers, etc.
- Provide clean protective clothing and footwear for visitors and require that they wear them when entering livestock facilities.
- Provide effective boot washing and disinfectant facilities, solutions and brushes and keep them properly maintained. Insist that visitors brush-wash to remove manure and disinfect their boots upon arrival and departure from your dairy.
- Restrict close contact or handling of animals by visitors.
- Ask foreign visitors to provide information about recent farm and animal contacts.
- Exclude foreign visitors from livestock facilities for at least five (5) days after their arrival in the United States.
- Do not permit clothing, shoes or other articles (such as luggage, cameras, jewelry, and watches) that have been in FMD-affected countries to enter livestock facilities.
- If you travel to an FMD-affected country, wear protective clothing on livestock facilities and leave them there. Carefully wash and disinfect all clothing and shoes upon return to the U.S.
- Meet with all vendors providing services to your dairy to work out procedures they will follow every time they come to your dairy. This includes milk trucks, equipment service personnel, veterinarians, milk testing services, dairy inspectors, cattle haulers, sales people including feed, drugs, semen and equipment.

Vehicles

- Establish a traffic pattern for vehicles that have visited other livestock facilities (such as sales vehicles, rendering trucks, feed trucks, or cattle transporters) to prevent them from entering livestock areas.
- Provide facilities for washing and disinfecting the tires of vehicles before they enter livestock areas.
- Clean livestock vehicles after visiting another livestock facility or transporting other animals before using them for your livestock.

Animals

- Provide as much distance between your animals and neighboring animals as possible—consider double fencing the perimeters to minimize nose-to-nose contact.
- Isolate new additions and animals returning from exhibits for about 30 days, and handle new additions after your other animals. This means that the isolated animals do not share water, feed, facilities or bedding with your other animals. Workers handling these animals should shower, change clothes, wash and disinfect boots or change them before working with other animals on the dairy.
- Isolate sick animals, and promptly begin appropriate treatment.
- Sick animals and fresh cows should be housed separately.
- Treat sick animals after all other animals, and avoid contaminating your clothing, hands, and footwear. Follow guidelines for handling newly arriving isolated animals.
- Isolate equipment that has been in contact with sick animals. Thoroughly wash and disinfect equipment before reusing.
- Young animals should be inspected, fed, watered, treated and handled before the older animals.
- Transport animals in cleaned and disinfected vehicles.

- After visiting another livestock facility or show, change your clothes and footwear before handling or feeding your animals.
- Keep livestock facility clean, free of manure buildup and pest free.
- Remove and dispose of dead animals as soon as possible, use equipment dedicated for this purpose or clean and disinfect the equipment before it is reused to move feed, etc.

Manure

- Clean and disinfect anything that has come in contact with manure or animal secretions before it is used for another purpose, such as using a loader to move manure or dead animals and then using it to load the feed wagon.
- Clean or replace animal bedding regularly, scrape surfaces clean, and clean solid surfaces with high-pressure hot water and a disinfectant.
- Do not allow young calves to come into contact with manure from mature animals.
- Prevent manure run-off from other facilities from entering your facility.

Feed

- Create a system to ensure purchased feed ingredients are not contaminated with Salmonella and other agents.
- Minimize feed contamination on the farm through proper storage facilities, and have dedicated equipment to handle feed.
- Clean and sanitize feeding and watering equipment and water troughs regularly.
- Maintain a vermin control program, and minimize their access to feed.

Recognize and Report Diseases.

Early recognition and immediate response to livestock disease is critical to containing an outbreak. The first 24 hours are the most important in stopping the spread of a disease or pest. Potential signs of a foreign animal disease include the following:

- Sudden, unexplained death loss or herd-wide decrease in milk production
- Severe illness affecting many animals
- Blistering around an animal's mouth, nose, teats, or hooves
- Unusual ticks or maggots
- Staggering, falling, or other central nervous system disorders

If you see signs of a foreign animal disease, report them immediately to your veterinarian first, then to your California Department of Food and Agriculture (CDFA) Animal Health Branch District office! Laboratory services for investigating possible foreign animal diseases or pests are at no cost to the producer. If you learn that illegal animals or animal food products are being smuggled into the state, report it to animal health officials (you may remain anonymous). By reporting, you help protect California livestock from the threat of animal disease.

For additional information:

Call the CDFA, Animal Health Branch
Headquarters (916) 654-1447
Redding District (530) 225-2140
Modesto District (209) 491-9350
Fresno District (559) 237-1843
Ontario District (909) 947-4462

Call USDA Veterinary Services (916) 857-6170 or (909) 947-4462

Visit the CDFA Web site

For more information on biosecurity and disinfectants see Biosecurity: Selection and Use of Surface Disinfectants by Animal Health and Food Safety Services, California Department of Food and Agriculture.

DAIRY COUNCIL - from Page 1

assessments for milk utilized in the plant of the handler. The producer assessments shall be collected by the first handler of milk produced in California by deducting any such assessments from any payment due the producer of such milk.

Please call Steven Donaldson of the CDFA Marketing Branch at (916) 654-1245 if you have any questions about these assessment rates. If you have questions regarding the activities of the Dairy Council, please call Peggy Biltz, CEO of the Dairy Council, at (916) 263-3560. ☀

\$75 MILLION FOR AGRICULTURE ENERGY INCENTIVE PROGRAM

SACRAMENTO - The California Energy Commission is offering financial incentives to the agriculture industry to reduce electricity use during summer peak hours. The total package available to water agencies and agriculture interests is \$75 million. Food and fiber producers, dairy farms, animal production facilities, food processors, greenhouse operators, cold storage operations and other agriculture-related energy users may apply.

The following projects are available for funds.

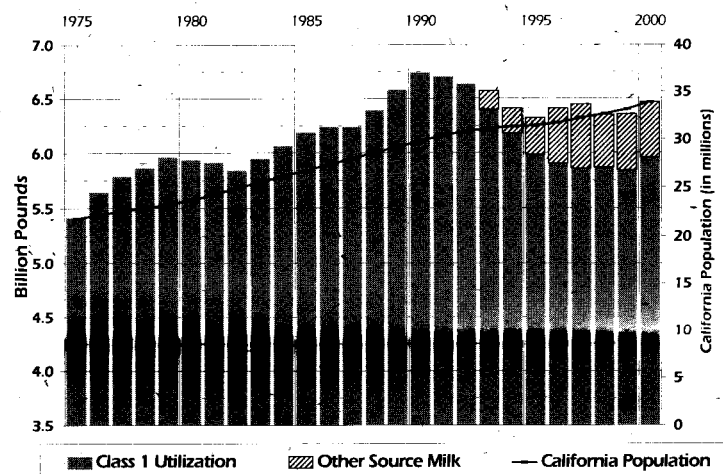
- ◆ The purchase and installation of high-efficiency electrical agricultural equipment or any facility installed to achieve peak period electricity reduction. Eligible projects include: refrigeration and other cold storage equipment, pumps and premium motors, and automated control systems. Projects installed on or after January 1, 2001, can qualify for funding.
- ◆ The testing of agricultural water pumps and retrofitting or replacing pump and premium efficiency motors to increase efficiency.
- ◆ The purchase and installation of advanced metering and telemetry equipment for agricultural and water pumping customers to improve load management and use demand responsiveness techniques. This includes irrigation scheduling systems.
- ◆ Offsetting the costs of retrofitting existing natural gas powered equipment to burn alternative fuels, including but not limited to in-state produced "non-spec" or "off-spec" natural gas.

Eligible projects must demonstrate that electricity load will be shifted or reduced between 12 p.m. and 6 p.m. Monday through Friday, except holidays, for the months of June through September. Interested agricultural interests may apply via the Fresno State Center for Irrigation Technology. The toll free phone number is (866) 297-3029. The fax number is (559) 278-6033. Email: pcanessa@csufresno.edu

Water agencies with agricultural customers may apply via the Cal Poly, San Luis Obispo Training and Research Center. The phone number is (805) 756-2434. The fax number is (805) 756-2433. Email: sgartner@calpoly.edu Application forms may be downloaded at www.energy.ca.gov/ag ☀

Class 1 Milk Utilization California, Annual Totals, 1975-2000

This graph shows the Class 1 utilization, population trends, and other source milk from 1975 to 2000. (Other source milk is milk coming from a source other than a California ranch or plant.)



Producer News...

The following are tidbits of information from producers around the state:

- Southern California producers report that Southern California Edison is offering 20% rebates for agricultural customers who reduce their average daily use of electricity by 20% for the billing periods of July-Sept. 2001, compared to last summer at that time.
- Tulare County producers are unhappy with recent dairy regulations approved by supervisors which allow fewer cows per acre, require more space between dairies and call for stricter monitoring of management practices.
- Producers are reporting heifer calf prices in the \$400 range and springer prices in the \$2000 range, (with replacement heifers not far behind); all dramatic increases.

Dairy producers are encouraged to send the Department information appropriate to this section that they would like to share with other producers via this newsletter by contacting Karen Dapper by phone at (916) 654-1456 or by fax at (916) 654-0867. ☀

Hundredweight Pool Prices

Month	Quota	Overbase
January '00	\$11.75	\$10.05
February	\$11.65	\$ 9.95
March	\$11.73	\$10.03
April	\$12.06	\$10.36
May	\$12.24	\$10.54
June	\$12.78	\$11.08
July	\$13.00	\$11.30
August	\$13.02	\$11.32
September	\$13.31	\$11.61
October	\$12.29	\$10.59
November	\$12.69	\$10.99
December	\$12.98	\$11.28
January '01	\$12.73	\$11.03
February	\$13.04	\$11.34
March	\$13.88	\$12.18
April	\$14.65	\$12.95
May	\$15.70	\$14.00

2000-2001 Mailbox Prices in Dollars per Hundredweight

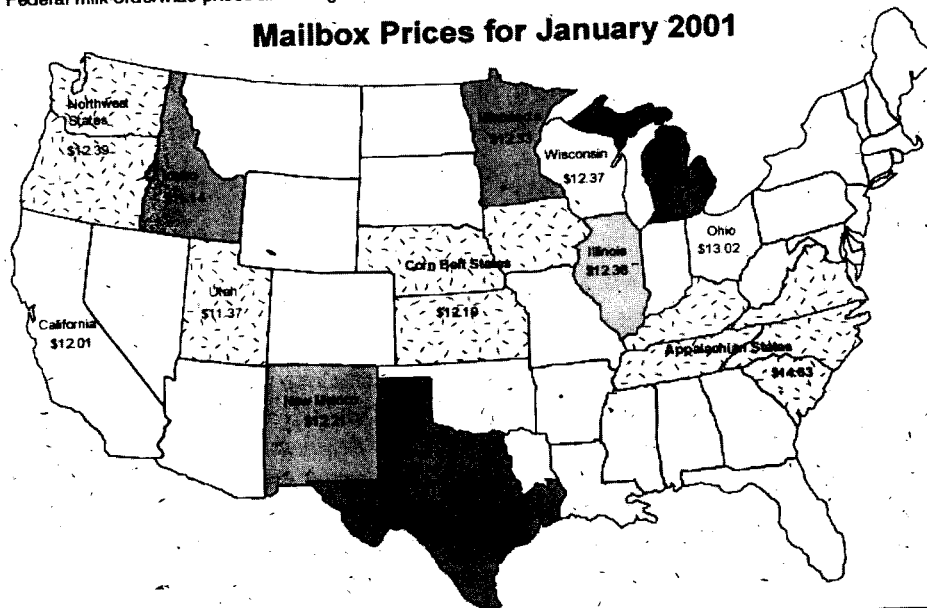
	October	November	December	January	February	March
California ¹	\$11.47	\$12.13	\$12.34	\$12.01	\$12.23	\$12.95
USDA ²	\$12.44	\$12.40	\$12.92	\$12.59	-----	-----

¹ California mailbox price calculated by CDFA.

² All federal milk market order weighted average, as calculated by USDA.

Please note: The USDA selected areas for reporting mailbox price information have been changed. Data will now be published for reporting areas that are smaller than Federal-milk-orderwide. The Federal milk-orderwide prices are being discontinued.

Mailbox Prices for January 2001



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